

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 PRS-01 AEC-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 FEA-01 PA-02

USIA-15 XMB-04 OPIC-06 LAB-04 SIL-01 /122 W

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R 052020Z DEC 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 5007

UNCLAS LA PAZ 7974

E.O. 11652: N/A

TAGS: ENRG, BEXP, BL

SUBJ: EARLY WARNING/BANK LOAN OF US\$ 35,000,000 TO YPFB

REF: (A) LA PAZ 7332; (B) LA PAZ 6556

SUMMARY. ACCORDING TO PRESS DECEMBER 4, ARTHUR GIRALDI, REGIONAL VICE PRESIDENT OF BANK OF AMERICA (BA) AFTER HIS MEETING WITH PRESIDENT BANZER ON DECEMBER 3, ANNOUNCED THAT BANK SYNDICATE LED BY BA WILL LOAN YPFB US\$ 35,000,000 TO INCREASE CAPACITY SANTA CRUZ REFINERY AND BUILD LUBRICANT PLANT IN COCHABAMBA. LOAN NEGOTIATION TO BE SIGNED BY END DECEMBER, 1974 AND LOAN DISBURSEMENT TO BEGIN EARLY 1975. LOAN PAYABLE IN 8 YEARS WITH 3 YEARS GRACE PERIOD.

1. SANTA CRUZ REFINERY'S INPUT PETROLEUM CAPACITY FOR PRIMARY DESTILATION CICCUIIT WILL BE INCREASED TO 10,000 BARRELS/DAY WHICH COULD BE EXPANDED TO 15,000 BARRELS/DAY. PRESENT PETROLEUM PROCESSING CAPACITY ONLY ABOUT 2,700 BARRELS/DAY.

2. COCHABAMBA'S LUBRICANT PLANT WILL HAVE OUTPUT CAPACITY OF 434 U.S. BARRELS/DAY.

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3. PRESS COMMENTED THAT DUE TO IDB'S BEAUROCRATIC LONG DELAY IN APPROVING LOAN TO YPFB OF US\$ 46.5 MILLION PROMISED BY IDB YEARS AGO TO COVER MAJOR COST OF EXPANSION OF BOTH ABOVE REFINERIES AND LUBRICANT PLANT, THE US\$ 46.5 MILLION LOAN (STILL POSSIBLY UNSIGNED) NOW ONLY COVERS AMOUNT NEEDED FOR COCHABAMBA'S REFINERY EXPANSION BECAUSE OF NOW HIGHER EQUIPMENT PRICE INCREASES.

4. COMMENT. AS INDICATED IN REFTTEL A, BIDS WERE LOWER THAN EXPECTED FOR SANTA CRUZ REFINERY AND LUBRICANTS PLANT PROJECTS. BANK SYNDICATE LEADERS ACCORDINGLY REDUCED AMOUNT TO BE SYNDICATED TO US\$ 35 MILLION MINIMUM. BANK OF AMERICA STATES IT WILL SEEK TO OVERSUBSCRIBE LOAN SO THAT ANY EXCESS CAN BE USED FOR OTHER YPFB PROJECTS. REMAINDER OF FINANCING FOR SANTA CRUZ REFINERY AND COCHABAMBA LUBRICANTS PLANT WILL BE FILLED LARGELY BY SUPPLIER CREDITS, MOSTLY FROM ARGENTINA.

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Message Attributes

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Disposition Comment:
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Disposition Event:
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